



- 2 -

Incident is viewed by pro-Western elements of the Berlin population as betraying the waning American confidence in the Berlin position. Recent official American statements bearing on the Berlin situation are regarded by these elements as empty threats which are not followed up by action, thereby demonstrating a completely defensive mentality. A classical example was a recent headline announcing the possibility of a reimposition of the Berlin airlift as an "American threat". Also noted is the American silence in the face of the blatant Soviet violation of demilitarization agreements as evidenced by the Soviet Zone police developments. The Berlin and the Eastern Zone population believe that the Potsdam Agreement squarely makes Eastern Zone affairs also a U.S. responsibility.

4. The deterioration of the Berlin situation is but a facet of developments in the Soviet Zone where bourgeois parties are facing total extinction or are being purged to assure conformity in all programs, such as the National Front. It is assumed that Ambassador Pushkin is the guiding spirit behind the purge. Its pattern conforms closely to the Hungarian model. Action Committees are applying well-worn techniques of mob violence, deposing bourgeois functionaries down to village level. With Hungarian developments seen as pattern, it is believed the next phase will be the liquidation of the remaining vestiges of Church influence followed by the liquidation of Titoist elements. Under these conditions, the Soviets less than ever can endure the existence of a free Berlin amidst an area of slavery.
5. The cumulative effects of (a) the well-advertised Soviet Zone purge, (b) the Little Blockade, (c) the continued recession of economic life, (d) the lack of forceful American action in countering the Soviet violation of agreements, (e) stories spread by persons released from Soviet Zone concentration camps about Russian atrocities, and (f) the skillful campaign through all available media plugging the line that the incorporation of Berlin into the Soviet orbit is only a matter of time, are the creation of fear among the West-Berlin population such as was never witnessed during the blockade.
6. In confidential discussions intellectuals and politicians in West-Berlin express the opinion that setbacks to the American policy as evidenced by (a) the loss of China, (b) the U.S. policy on Formosa, (c) the present seemingly unopposed threat to Indo-China, and (d) the lack of forceful policy statements on all Germany provide a striking parallel to the situation just prior to the Munich Conference where the appeasement or containment policy was proven unable to stop aggression.
7. These parallels are all evident to the Germans in the light of the U.S. failure to make a clear policy statement on the FDJ Deutschland-Treffen on 28 May 1950 (Whitsunday) and on the overall problem, and in their realization that Soviet action will be largely determined by U.S. statements made now. The Germans are convinced that the United States is a greater determining factor in the shaping of Soviet policy than the Kremlin. They believe that a firm stand involving preparedness to resort to use of arms in maintaining the Berlin position may forestall a Soviet attempt to overrun Western Europe.
8. The Germans consider the following to be determining factors which would limit the aims of the Treffen: (a) a clear statement on U.S. policy regarding permitting FDJ members to enter West-Berlin, (b) a statement on wearing of uniforms in West-Berlin, (c) a commitment of Allied troops in Berlin sufficient to cope with the situation, (d) a statement specifying under what conditions arms will be used by U.S. troops, and (e) a clear indication that the Allies consider this a threat to their sovereignty. Such actions are to be well advertised, coupled with an official protest to the Soviets drawing a parallel between the FDJ and the Hitler Youth and naming the Russians as instigators.